

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;  
Mark Acton, Vice Chairman;  
Tony Hammond; and  
Nanci E. Langley

Competitive Product Prices  
Priority Mail Contracts  
Priority Mail—Non-Published Rates 1  
(MC2011-15)

Docket No. CP2011-51

ORDER MODIFYING REPORTING REQUIREMENTS

(Issued April 6, 2017)

I. INTRODUCTION

On March 10, 2017, the Postal Service filed a status report detailing its efforts to provide the Commission with contract term data reports for recently expired Priority Mail—Non-Published Rates 1 (PMNPR) agreements.<sup>1</sup> As part of the Status Report, the Postal Service suggests that the Commission substitute a quarterly filing report in place of the existing 30-day requirement. *Id.* at 1-2, 4-6. The Commission construes this suggestion as a request to modify the 30-day reporting requirement imposed in Order No. 661.<sup>2</sup> For the reasons discussed below, the Commission approves the request.

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<sup>1</sup> Status Report of the United States Postal Service Regarding Contract Term Data Reports, March 10, 2017 (Status Report).

<sup>2</sup> Docket Nos. MC2011-15 and CP2011-51, Order Approving Addition of Priority Mail—Non-Published Rates 1 to the Competitive Product List, February 3, 2011, at 8-10 (Order No. 661).

## II. BACKGROUND

Non-Published Rates products, including PMNPR, give the Postal Service flexibility to enter into agreements that meet set conditions without seeking prior approval from the Commission. See *generally* Order No. 661 at 1-2.

On February 3, 2011, the Commission authorized the Postal Service to enter into PMNPR agreements based on a model contract, subject to several requirements. *Id.* at 8-10. Among those requirements, the Commission required the Postal Service to file within 30 days of the expiration of each PMNPR agreement contract term data reports including the agreement's costs, volumes, and revenues disaggregated by weight and zone, including penalties. *Id.* at 10. In Order No. 3714, the Commission stated that "[i]n light of the additional flexibility afforded to the Postal Service with [Non-Published Rates products], the associated reporting requirements are a critical part of the regulatory regime."<sup>3</sup>

On February 27, 2017, the Postal Service filed a motion requesting an extension of time to file the required contract term data reports.<sup>4</sup> The Commission granted the motion and required the Postal Service to submit a status update by March 10, 2017.<sup>5</sup>

In the Motion and the Status Report, the Postal Service explained that its current data retrieval and analysis procedures are designed for performing quarterly reporting. Status Report at 2; see Motion at 1-2. The Postal Service notes that contracts do not end on such a quarterly schedule and end-of-contract data must, therefore, be retrieved and analyzed differently to comply with the 30-day deadline. See Motion at 2-3. These different processes are manual, rather than automatic, complicating the endeavor and introducing the possibility that the extracted data may differ from the data reported for the Annual Compliance Determination. See Status Report at 2, 4. Additionally, the

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<sup>3</sup> Order Requiring Additional Information, December 29, 2016, at 4 (Order No. 3714).

<sup>4</sup> Motion of the United States Postal Service for Extension of Time to Provide Contract Term Data Reports, February 27, 2017 (Motion).

<sup>5</sup> Order No. 3808, Order Granting Motion for Extension of Time to Provide Contract Term Data Reports, February 28, 2017, at 3.

extracted data would bypass the Postal Service's established quarterly validation process that identifies and fixes errors and inaccuracies. *Id.* at 3. The Postal Service estimates the cost of its preferred solution for complying with the existing reporting requirement at \$100,000 per year. Status Report at 3 n.4.

The Postal Service acknowledges that it should have identified in advance that the current reporting process was insufficient to meet its reporting obligations. *Id.* at 2 n.3. The Postal Service states that it only became aware of the data reporting challenges with the large number of PMNPR agreements that recently terminated. *Id.*

Since filing the Status Report, the Postal Service has filed contract term data reports for 26 recently-expired PMNPR agreements.<sup>6</sup>

### III. COMMISSION ANALYSIS

The technical difficulties the Postal Service faces are understandable. Adapting data retrieval procedures to new purposes or creating new ones is an expensive prospect. Additionally, the Postal Service makes a reasonable argument that the data will be more useful to the Commission after it goes through the quarterly validation process.

Therefore, the Commission grants the Postal Service's request to modify the reporting requirement. The Commission expects that any future systemic challenges to meeting the Postal Service's reporting obligations will be identified well in advance.

The requirements of Order No. 661 continue to apply, subject to this modification of the reporting schedule. The quarterly certification requirement imposed by Order No. 3760 remains in effect.<sup>7</sup>

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<sup>6</sup> See Notice of Filing Term Data Reports Under Seal, March 10, 2017; Notice of Filing Term Data Reports Under Seal, March 23, 2017; Notice of Filing Term Data Reports Under Seal, April 4, 2017.

<sup>7</sup> Order Granting Motions for Late Acceptance and Requiring Quarterly Certifications, January 26, 2017, at 6-8 (Order No. 3760).

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. For each PMNPR contract that expired prior to April 1, 2017, for which the required data has not yet been filed, the Postal Service shall file, no later than May 1, 2017, costs, volumes, and revenues disaggregated by weight and zone, including any penalties paid.
2. Beginning with PMNPR contracts ending in FY 2017 Quarter 3 and thereafter, as well as all future PMNPR contracts, the Postal Service shall file within 30 days of the end of each FY quarter, costs, volumes, and revenues disaggregated by weight and zone for each contract that expires during that quarter, including any penalties paid.
3. The quarterly certification requirement imposed in Order No. 3760 shall apply to the requirements of Order No. 661, as modified above.
4. All other requirements imposed by Order No. 661, including the requirement to inform the Commission of early terminations, remain in effect.

By the Commission.

Ruth Ann Abrams  
Acting Secretary